



FY 2022 Financial Results

Cavriago, 15th March 2023



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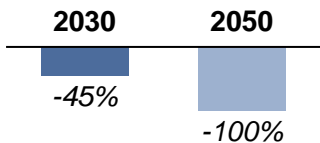
Landi Renzo Group's mission is to contribute to the world's energy transition, promoting decarbonization through an approach based on technological neutrality



Climate change centrality in world agenda and LRG positioning

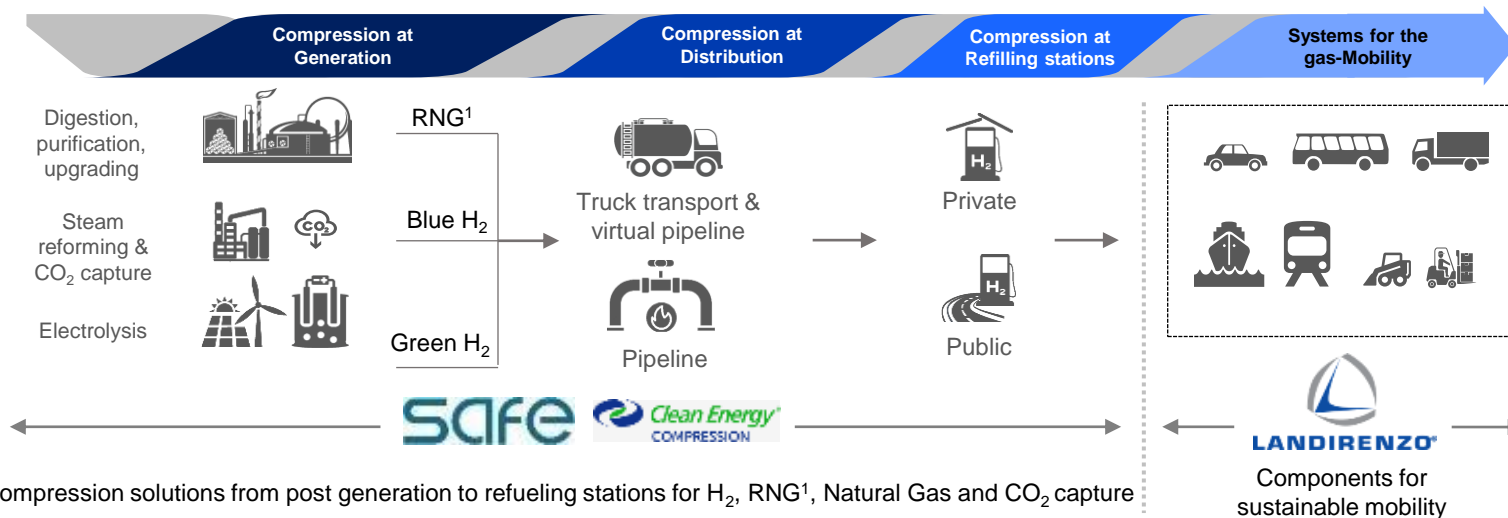
As for COP21 agreement, **CO₂ emissions** need to be **reduced** to limit global warming

CO₂ emission reduction targets



- As highlighted by **daily debate** worldwide, **emission reduction** is an **essential target** for the all societies in the **world**
- **All viable solution** must be taken **into consideration** with a **scientific approach**, based on **technological neutrality**, and the **optimal utilization of existing know-how/ capabilities**

Landi Renzo Group strategy focuses on promoting the **energy transition**, through **innovation** based on **technological neutrality** to **reduce CO₂ emissions**



(1) Renewable Natural Gas (Biomethane)
Source: United Nation, Landi Renzo Grupo business plan

LRG's 2022 results have been impacted by several exogenous factors, with Q4 results suggesting a recovery path

Russian-Ukrainian war

- Persistence of the conflict has caused the **surge** of **natural gas cost worldwide**
- **Geo-political tension** has directly **impacted** group's **performances** in the ex-CIS region

Raw material cost increase

- Cost of **raw material** has been **rising throughout 2022** for all **components purchased** (e.g., metals, electronics)
- **Pricelist adjustments** have **not fully reflected** increased **cost**, leading to **LRG's gross margin erosion**

Chinese market slowdown

- **Chinese** economy **slowdown** and pandemic restrictions have caused a remarkable **drop** of **M&HD¹ vehicle production**
- Despite overall **volume reduction**, **natural gas** and **hydrogen** products have **maintained** expected **penetration rates**

Cyber attack to LRG's IT system

- In October 2022, a **severe cyber attack** has **damaged LRG IT systems**, causing a **3-weeks delay** in **operations**
- **Restoring measures** and **extraordinary activities** to recover **production** lost have generated **extra cost** in **Q4**

Green Transportation recovery in Q4

- In **Q4 Green Transportation BU** has shown **improving EBITDA**, despite cyber attack costs
- **Recovery** has been led by **pricelist increases/ extra cost recognition** from main **OEM customers**

Strong momentum of Infrastructure

- **Despite marginality erosion** due to delayed execution of older projects, **Infrastructure BU** has **recorded double-digit growth** and is expected to **accelerate further**, driven by **biomethane** and **hydrogen** demand

2022 exogenous dynamics have impacted both divisions, but Hydrogen plus RNG¹ growth and organization reinforcement are expected to lead improvements in 2023

Green Transportation (Automotive)

- In **After Market**, drop of **CNG²** has been partly **offset** by **LPG³** increase (mainly in EU)
- **OEM Passenger Car demand** has strongly **increased**, driven by **LPG** penetration in **Europe** and **CNG** in **India**
- **Natural gas crisis** has **frozen M&HD sales** and **delayed investments**, with **LRG MS⁴** and **revenues in line** with **2021**

Clean Tech Solutions (Infrastructure)

- **Operational efficiencies** have **partly offset** **marginality erosion**, with strong **cash generation** in **North America**
- The **order book** has **remained solid** along the **whole year**, with **increasing demand** driven by **RNG¹** and **hydrogen**
- **Advancements in hydrogen solution development** has favored **international market expansions**

Hydrogen (Group)

- **Growing demand for hydrogen components** in LCV and M&HD Automotive segments is **fueling current sales** (mainly in China) and **leading to several R&D projects**, with returns expected in late 2024-2025
- In the **Infrastructure division**, worldwide **incentives** are favoring a **steep acceleration** of the **market**, leading to **strategic partnership** and **commercial agreements** in different areas of the value chain (e.g., power generation, transmission infrastructure, energy storage, etc.)

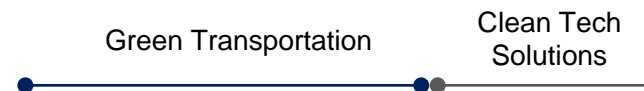
Operational improvement (Group)

- The **Group** has **completed the Management Team reinforcement**, with relevant impact on **business development** and **operational improvement** expected in **2023**
- **Main projects** are focused on detailing **hydrogen** and **RNG go-to-market strategy**, improving **purchasing efficiency** and **optimizing working capital** requirements
- **Integration of Metatron and Idro Meccanica** is expected to **be completed** in **2023**, leading to **cost savings**

Landi Renzo Group's pro-forma¹ revenues account for ~336 M€, with Clean Tech Solutions representing more than 30% of total revenues

- Group revenues account for ~336 M€, with ~10 M€ related to Group's **hydrogen** solutions, also thanks to Idro Meccanica
- Group's ~40 M€ revenue growth vs. 2021 has been mainly **driven** by **Clean Tech Solutions**, **Indian Automotive performance** and **European OEM – PC channel**
- Clean Tech Solutions growth driven by new revenues in **Hydrogen**, and **RNG application** in both Europe and North America
- Automotive investment mainly driven by new Hydrogen and **M&HD product development**
- SAFE&CEC investment include the **acquisition** of **Idro Meccanica** completed in January 2022

Full year pro-forma figures



| | <u>Landi plus Metatron</u> | <u>KLR</u> | <u>SAFE&CEC</u> | <u>Landi Renzo Group²</u> |
|------------------|--------------------------------|------------|---------------------|--|
| Revenues | 201,7M€ | 35,5M€ | 104,6M€ | 335,9M€ |
| Adj. EBITDA | 9,3M€ | 5,7M€ | 6,0M€ | 19,2M€ |
| NFP ³ | 68,5M€ | 2,0M€ | 8,7M€ | 78,6M€ |
| Investments | 7,4M€ | 0,5M€ | 9,5M€ | 17,4M€ |

FY results show a revenue increase, driven also by a different perimeter

| M€; % | Green Transportation | Clean Tech Solutions | LRG ¹ | | | |
|--------------------|-------------------------|-------------------------|------------------|---------|-------|---------|
| | FY 2022 | FY 2022 | FY 2022 | FY 2021 | delta | delta % |
| Revenues | 201,7 | 104,6 | 306,3 | 242,0 | +64,3 | +26,6% |
| Adj. EBITDA | 9,3 | 6,0 | 15,3 | 14,6 | +0,6 | +4,4% |
| <i>% on rev.</i> | <i>4,6%</i> | <i>5,7%</i> | <i>5,0%</i> | 6,0% | | |
| EBITDA | 5,6 | 5,5 | 11,0 | 12,6 | -1,6 | -12,5% |
| <i>% on rev.</i> | <i>2,8%</i> | <i>5,2%</i> | <i>3,6%</i> | 5,2% | | |
| EBIT | -8,6 | 2,6 | -6,0 | -3,0 | -3,0 | -101,0% |
| <i>% on rev.</i> | <i>-4,3%</i> | <i>2,5%</i> | <i>-2,0%</i> | -1,2% | | |
| EBT | | | -13,9 | 1,7 | -15,6 | n.a. |
| <i>% on rev.</i> | | | <i>-4,5%</i> | 0,7% | | |
| Net Result | | | -14,3 | 0,5 | -14,8 | n.a. |

Highlights

- **Revenues +64 M€ (+26,6%)** increase due also to a **different consolidation perimeter**. On a comparable basis, Group's turnover increased by 10,1% YoY
- **Adj. EBITDA** reflects the reduced marginality due to inflation (raw materials, energy, transportation) on all business lines and time gap on price increases in Clean Tech Solution
- **EBT** in 2021 was positively affected by the consolidation profit (8,8M€) connected to the fair value evaluation of SAFE&CEC

Green Transportation shows an improvement in both revenues and Adj. EBITDA

Green Transportation (Automotive)

| M€ ; % | FY 2022 | FY 2021 | delta | delta % |
|--------------------|---------|---------|-------|---------|
| Revenues | 201,7 | 172,9 | 28,8 | +16,7% |
| Adj. EBITDA | 9,3 | 7,2 | 2,1 | +28,7% |
| % on rev. | 4,6% | 4,2% | | |
| EBIT | -8,6 | -8,3 | -0,3 | n.a. |
| % on rev. | -4,3% | -4,8% | | |
| NWC | 45,6 | 44,3 | 1,3 | |
| NFP ⁽¹⁾ | 68,5 | 91,1 | -22,6 | |

Highlights

- On a comparable basis (including Metatron 2021 on a full year basis), **Green Transportation revenues growth by 8,5%**
- **Adj. EBITDA**, even if growing compared to 2021, still under expectation. Growth driven by volume effect, with significant Q4 positive impact on 2022 performance
- **Ebit impacted** by extraordinary cost mostly related to 2022 strategic consultancy, depreciation and cyber attack
- **NWC** increase mainly linked to specific sourcing needs, requiring stocking in advance (electronic components)
- **NFP** improved due to Capital increase, partly offset by payments for Metatron acquisition
- The **Indian JV** (KLR) consolidated with the equity method, is not included in the above results

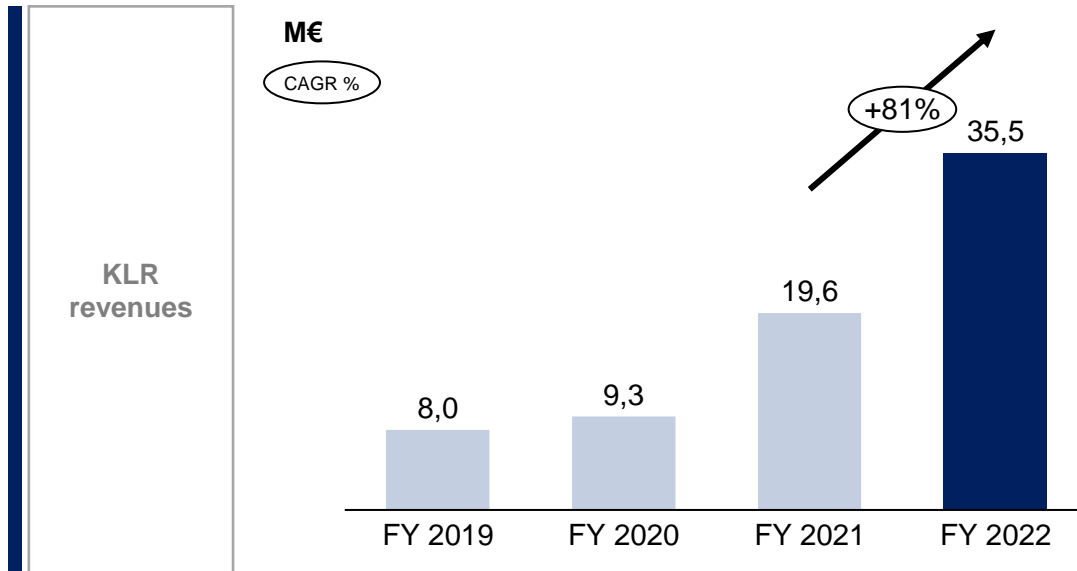
Growth of Clean Tech Solution 2022 revenue driven also by Idro Meccanica acquisition; marginality impacted by time gap on price increases

| Clean Tech Solutions | M€ ; % | FY 2022 | FY 2021 | delta | delta % |
|----------------------|----------|---------|---------|-------|---------|
| | Revenues | | 104,6 | 69,1 | 35,5 |
| Adj. EBITDA | | 6,0 | 7,4 | -1,4 | -19% |
| % on rev. | | 5,7% | 10,7% | | |
| EBIT | | 2,6 | 5,4 | -2,8 | -52% |
| % on rev. | | 2,5% | 7,8% | | |
| NWC | | 9,1 | 9,6 | -0,5 | |
| NFP ⁽¹⁾ | | 8,7 | 4,0 | 4,7 | |

Highlights

- On a comparable basis (2021 SAFE&CEC full year consolidation) **revenue increased 13,3% YoY**, mainly thanks to the **growth of H₂ and RNG applications**
- **Adj. EBITDA** impacted by **raw material cost** increase orders not recharged to customers on “old backlog”. The company has put in place action to review price list configuration and new contract to pass through cost increase
- **NWC** decrease due to higher advanced payment from customers
- **NFP** entails the acquisition of Idro Meccanica (6,4M€)

The Indian JV KLR, not consolidated, is achieving significant results with an outlook of further growth



Highlights

- **KLR revenues** maintain a steep growing trend (+15,9 M€, 81% YoY), with **KLR** being the **leading component supplier** to **different OEM players**
- In India **CNG-powered cars** accounted for ~ 10% of total sales in 2022, thanks to a larger model offering and the increase of CNG refilling stations
- **New programs** with different customers expected to go SOP during 2023 for both Passenger cars and M&HD
- **Hydrogen** is gaining momentum in India sustained by **Government strategy** to support H₂, as India energy carrier for the future

Landi Renzo Group closes 2022 with 63 M€ in cash and a reduced NFP

| M€ | 2021 | | 31.12.2022 |
|----|---------------|--|--------------|
| | 28,0 | Cash liquidity (+) | 63,0 |
| | -103,7 | Current Financial Assets (+) | -107,6 |
| | -19,5 | Short-term debt (-) | -32,6 |
| | -95,1 | Long-term debt (-) | -77,2 |
| | | NFP net of IFRS 16 and derivatives and of debt for the acquisition of Metatron and Idro Meccanica | |
| | -25,4 | Debt for share capital acquisitions (-) | -1,1 |
| | -12,8 | Financial Lease (-) | -14,5 |
| | -133,5 | Derivatives (+/-) | -92,3 |
| | | NFP(1) | |

Highlights

- NPF positive contribution due to the **capital increase of 58,6 M€** (net of expenses), partially offset by the payments for the acquisitions of Metatron (25,4 M€) and Idro Meccanica (6,4 M€)
- Both in December 2021 and December 2022, due to IFRS applicable rules, part of long-term debt has been reclassified in short-term debt
- In March 2023, Landi Renzo Group has received the waiver from financing banks, allowing to reclassify, in Q1 2023, 73 M€ of short term-debt as long-term debt
- Debt for share capital acquisitions in 2021 refers to Metatron acquisition

(1) Short and long terms debt are inclusive of amortized cost effect

2023 Outlook

Green Transportation

- **AM¹** expects **market consolidation** and **stable marginality**, driven by **local market dynamics** and **pricelist increases**
- **OEM – PC** with **stable volumes** (phase-out slowdown), with potential **growth** in **India**
- **OEM – M&HD** market still **affected** by **natural gas crisis** in the **first half** of the **year**, with **potential upsides** in the **last quarter** and **growing outlook** for **H₂**

Clean Tech Solutions (SAEFE&CEC)

- **Strong revenue growth** expected in 2023, backed by **significant backlog** (50%+ of sales target), **RNG** and **H₂ demand**
- **Margin recovery** vs. 2022, led by **termination** of “**old**” **orders** and set-up of **dedicated procedures** to **monitor** project **cost evolution** and **evaluate extra cost**
- Relevant **business development activities** already ongoing, coupled with **targeted R&D investments** on **technological developments** (e.g., 1MW compressor, CO₂ compressor)

Group operations

- **Main optimization** focused on **purchasing** and **working capital management**
- **Prosecution** of **organization structure reinforcement**, in line with group **strategic plan**

2023 performance outlook

- Expected **improvement** vs. **2022**, with **growing EBITDA** and **cash from operations**
- **Sales mix**, **gradual deployment** of **operational efficiencies** and **Infrastructure division business dynamics** imply **stronger performance** in **H2 '23** vs. **H1 '23**

Landi Renzo S.p.A.
Headquarter
Via Nobel 2 - 42025 Corte Tegge
Cavriago (RE), Italy

www.landirenzogroup.com
www.landirenzo.com

Landi Renzo - Company profile

BOARD OF DIRECTORS

Stefano Landi – Chairman
Sergio Iasi – Deputy Chairman
Cristiano Musi – CEO
Andrea Landi – Director
Silvia Landi – Director
Massimo Lucchini – Director
Anna Maria Artoni – Independent Director
Sara Fornasiero – Independent Director
Pamela Morassi – Independent Director

TOP MANAGERS



INVESTOR RELATIONS

Investor Relations Contacts:

Vittorio Tavanti
Tel: +39 0522 9433
E-mail: ir@landi.it
www.landirenzogroup.com

SHARE INFORMATION

Euronext STAR Milan segment of Borsa Italiana

N. of shares outstanding: 220.281.064

Price as of 13/03/2023: €0,560

CONSOLIDATED P&L

(thousands of Euro)

| CONSOLIDATED INCOME STATEMENT | 31/12/2022 | 31/12/2021 Restated |
|---|----------------|------------------------|
| Revenues from sales and services | 306,297 | 241,994 |
| Other revenues and income | 1,249 | 2,610 |
| Cost of raw materials, consumables and goods and change in inventories | -188,979 | -150,272 |
| Costs for services and use of third-party assets | -54,780 | -43,075 |
| Personnel costs | -47,218 | -34,920 |
| Allocations, write downs and other operating expenses | -5,525 | -3,722 |
| Gross Operating Profit | 11,044 | 12,615 |
| Amortization, depreciation and impairment | -17,077 | -15,617 |
| Net Operating Profit | -6,033 | -3,002 |
| Financial income | 1,129 | 217 |
| Financial expenses | -7,630 | -4,344 |
| Exchange gains (losses) | -1,670 | -362 |
| Income (expenses) from equity investments | -275 | 8,581 |
| Income (expenses) from joint venture measured using the equity method | 597 | 620 |
| Profit (Loss) before tax | -13,882 | 1,710 |
| Taxes | -385 | -1,208 |
| Net profit (loss) for the Group and minority interests, including: | -14,267 | 502 |
| Minority interests | 14 | 1,522 |
| Net profit (loss) for the Group | -14,281 | -1,020 |
| Basic earnings (loss) per share (calculated on 112,500,000 shares) | -0.0635 | -0.0091 |
| Diluted earnings (loss) per share | -0.0635 | -0.0091 |

CONSOLIDATED BALANCE SHEET (1/2)

| (thousands of Euro) | | |
|---|----------------|------------------------|
| ASSETS | 31/12/2022 | 31/12/2021 Restated |
| Non-current assets | | |
| Land, property, plant, machinery and other equipment | 14,015 | 14,977 |
| Development expenditure | 11,141 | 12,222 |
| Goodwill | 80,132 | 73,256 |
| Other intangible assets with finite useful lives | 17,263 | 19,543 |
| Right-of-use assets | 13,618 | 11,991 |
| Equity investments measured using the equity method | 2,496 | 2,028 |
| Other non-current financial assets | 847 | 882 |
| Other non-current assets | 1,710 | 2,556 |
| Deferred tax assets | 14,109 | 12,694 |
| Non-current assets for derivative financial instruments | 103 | 0 |
| Total non-current assets | 155,434 | 150,149 |
| Current assets | | |
| Trade receivables | 73,559 | 66,048 |
| Inventories | 76,680 | 68,896 |
| Contract work in progress | 20,429 | 15,653 |
| Other receivables and current assets | 17,148 | 14,443 |
| Current assets for derivative financial instruments | 412 | 0 |
| Cash and cash equivalents | 62,968 | 28,039 |
| Total current assets | 251,196 | 193,079 |
| TOTAL ASSETS | 406,630 | 343,228 |

CONSOLIDATED BALANCE SHEET (2/2)

| (thousands of Euro) | | |
|---|----------------|------------------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | 31/12/2022 | 31/12/2021 Restated |
| Shareholders' Equity | | |
| Share capital | 22,500 | 11,250 |
| Other reserves | 91,698 | 44,615 |
| Profit (loss) for the period | -14,281 | -1,020 |
| Total Shareholders' Equity of the Group | 99,917 | 54,845 |
| Minority interests | 5,967 | 5,738 |
| TOTAL SHAREHOLDERS' EQUITY | 105,884 | 60,583 |
| Non-current liabilities | | |
| Non-current bank loans | 8,169 | 10,174 |
| Other non-current financial liabilities | 24,456 | 9,320 |
| Non-current liabilities for right-of-use | 11,314 | 10,197 |
| Provisions for risks and charges | 5,484 | 4,535 |
| Defined benefit plans for employees | 3,413 | 3,977 |
| Deferred tax liabilities | 2,910 | 1,452 |
| Liabilities for derivative financial instruments | 0 | 99 |
| Total non-current liabilities | 55,746 | 39,754 |
| Current liabilities | | |
| Bank financing and short-term loans | 103,629 | 103,408 |
| Other current financial liabilities | 3,956 | 274 |
| Current liabilities for right-of-use | 3,196 | 2,624 |
| Trade payables | 98,033 | 82,886 |
| Tax liabilities | 3,697 | 3,758 |
| Other current liabilities | 32,489 | 49,941 |
| Total current liabilities | 245,000 | 242,891 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 406,630 | 343,228 |